



General Assembly

Substitute Bill No. 5261

February Session, 2006

* ____HB05261GAE__041106__ *

AN ACT CONCERNING NATURAL GAS AND OIL CONSERVATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 16-32f of the 2006 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2006*):

4 (a) On or before October first of each even-numbered year, a gas
5 company, as defined in section 16-1, as amended, shall furnish a report
6 to the Department of Public Utility Control containing a five-year
7 forecast of loads and resources. The report shall describe the facilities
8 and supply sources that, in the judgment of such gas company, will be
9 required to meet gas demands during the forecast period. The report
10 shall be made available to the public and shall be furnished to the chief
11 executive officer of each municipality in the service area of such gas
12 company, the regional planning agency which encompasses each such
13 municipality, the Attorney General, the president pro tempore of the
14 Senate, the speaker of the House of Representatives, the joint standing
15 committee of the General Assembly having cognizance of matters
16 relating to public utilities, any other member of the General Assembly
17 making a request to the department for the report and such other state
18 and municipal entities as the department may designate by regulation.
19 The report shall include: (1) A tabulation of estimated peak loads and
20 resources for each year; (2) data on gas use and peak loads for the five

21 preceding calendar years; (3) a list of present and projected gas supply
22 sources; (4) specific measures to control load growth and promote
23 conservation; and (5) such other information as the department may
24 require by regulation. A full description of the methodology used to
25 arrive at the forecast of loads and resources shall also be furnished to
26 the department. The department shall hold a public hearing on such
27 reports upon the request of any person. On or before August first of
28 each odd-numbered year, the department may request a gas company
29 to furnish to the department an updated report. A gas company shall
30 furnish any such updated report not later than sixty days following the
31 request of the department.

32 (b) Not later than October 1, 2005, and annually thereafter, a gas
33 company, as defined in section 16-1, as amended, shall submit to the
34 Department of Public Utility Control a gas conservation plan, in
35 accordance with the provisions of this section, to implement cost-
36 effective energy conservation programs and market transformation
37 initiatives. All supply and conservation and load management options
38 shall be evaluated and selected within an integrated supply and
39 demand planning framework. Such plan shall be funded by annual
40 revenue from the tax imposed by section 12-408 on the gross receipts
41 of sales of gas that is in excess of said revenue collected during 2005,
42 but not more than ten million dollars. Said funds shall be deposited
43 into an account held by the Energy Conservation Management Board,
44 established pursuant to section 16-245m, as amended by this act.
45 Services provided under the plan shall be available to all gas company
46 customers and the costs shall be collected as a portion of the delivery
47 charges. The company shall apply to the Energy Conservation
48 Management Board for reimbursement for expenditures pursuant to
49 the plan. The department shall, in an uncontested proceeding during
50 which the department may hold a public hearing, approve, modify or
51 reject the plan.

52 (c) (1) The Energy Conservation Management Board [, established
53 pursuant to section 16-245m,] shall advise and assist each such gas

54 company in the development and implementation of the plan
55 submitted under subsection (b) of this section. Each program
56 contained in the plan shall be reviewed by each such gas company and
57 shall be either accepted, modified or rejected by the Energy
58 Conservation Management Board before submission of the plan to the
59 department for approval. The Energy Conservation Management
60 Board shall, as part of its review, examine opportunities to offer joint
61 programs providing similar efficiency measures that save more than
62 one fuel resource or to otherwise coordinate programs targeted at
63 saving more than one fuel resource. Any costs for joint programs shall
64 be allocated equitably among the conservation programs.

65 (2) Programs included in the plan shall be screened through cost-
66 effectiveness testing that compares the value and payback period of
67 program benefits to program costs to ensure that the programs are
68 designed to obtain gas savings whose value is greater than the costs of
69 the program. Program cost-effectiveness shall be reviewed annually by
70 the department, or otherwise as is practicable. If the department
71 determines that a program fails the cost-effectiveness test as part of the
72 review process, the program shall either be modified to meet the test
73 or shall be terminated. On or before January 1, 2007, and annually
74 thereafter, the board shall provide a report, in accordance with the
75 provisions of section 11-4a, to the joint standing committees of the
76 General Assembly having cognizance of matters relating to energy and
77 the environment, that documents expenditures and funding for such
78 programs and evaluates the cost-effectiveness of such programs
79 conducted in the preceding year, including any increased cost-
80 effectiveness owing to offering programs that save more than one fuel
81 resource.

82 (3) Programs included in the plan may include, but are not limited
83 to: (A) Conservation and load management programs, including
84 programs that benefit low-income individuals; (B) research,
85 development and commercialization of products or processes that are
86 more energy-efficient than those generally available; (C) development

87 of markets for such products and processes; (D) support for energy use
88 assessment, engineering studies and services related to new
89 construction or major building renovations; (E) the design,
90 manufacture, commercialization and purchase of energy-efficient
91 appliances, air conditioning and heating devices; (F) program planning
92 and evaluation; (G) joint fuel conservation initiatives and programs
93 targeted at saving more than one fuel resource; and (H) public
94 education regarding conservation. Such support may be by direct
95 funding, manufacturers' rebates, sale price and loan subsidies, leases
96 and promotional and educational activities. The plan shall also provide
97 for expenditures by the Energy Conservation Management Board for
98 the retention of expert consultants and reasonable administrative costs,
99 provided such consultants shall not be employed by, or have any
100 contractual relationship with, a gas company. Such costs shall not
101 exceed five per cent of the total cost of the plan.

102 [(d) Nothing in this section shall be construed to require the
103 Department of Public Utility Control to establish a conservation charge
104 to support the programs in this section.]

105 Sec. 2. (NEW) (*Effective July 1, 2006*) (a) For purposes of this section,
106 "fuel oil" means the product designated by the American Society for
107 Testing and Materials as "Specifications for Heating Oil D396-69",
108 commonly known as number 2 heating oil, and grade number 4, grade
109 number 5 and grade number 6 fuel oil, provided such heating and fuel
110 oil are used for purposes other than the generation of power to propel
111 motor vehicles or for the generation of electricity.

112 (b) On or before November 1, 2006, the Energy Conservation
113 Management Board, established pursuant to section 16-245m of the
114 2006 supplement to the general statutes, as amended by this act, shall,
115 after issuing a request for proposals, select an entity qualified to
116 administer and implement conservation and energy efficiency
117 programs for fuel oil customers, as described in this section, to act as
118 the program administrator for such programs and shall enter into a
119 contract not to exceed three years in duration for such purpose. At the

120 expiration of the contract, the board may renew the contract if it finds
121 that the administrator's performance has been satisfactory, or it may
122 issue a new request for proposals.

123 (c) On or before March 1, 2007, the program administrator shall
124 submit to the Energy Conservation Management Board a fuel oil
125 conservation plan in accordance with the provisions of this section for
126 the balance of 2007. On or before October 1, 2007, and annually
127 thereafter, the program administrator shall submit to the Energy
128 Conservation Management Board a fuel oil conservation plan for the
129 next calendar year in accordance with the provisions of this section.
130 The board shall hold a public hearing on each such plan.

131 (d) (1) The Energy Conservation Management Board shall advise
132 and assist the program administrator in the development and
133 implementation of a comprehensive plan, which shall be approved by
134 the board, that implements cost-effective fuel oil energy conservation
135 programs and market transformation initiatives for residential,
136 commercial and industrial fuel oil customers. The board shall, as part
137 of its review, examine opportunities to offer joint programs providing
138 similar efficiency measures that save more than one fuel resource or to
139 otherwise coordinate programs targeted at saving more than one fuel
140 resource. Any costs for joint programs shall be allocated equitably
141 among the conservation programs.

142 (2) Program cost-effectiveness shall be reviewed annually by the
143 Energy Conservation Management Board, or otherwise as practicable.
144 Programs included in the plan shall be evaluated as to cost-
145 effectiveness by comparing the value and payback period of the
146 program benefits to the program costs to ensure that the programs are
147 designed to obtain fuel oil savings, the value of which are greater than
148 the costs of the program. If the board determines that a program fails
149 the cost-effectiveness test, the board shall modify the program to meet
150 the test or terminate the program. On or before March 1, 2008, and
151 annually thereafter, the board shall provide a report to the joint
152 standing committees of the General Assembly having cognizance of

153 matters relating to energy and the environment that documents
154 expenditures and fund balances and evaluates the cost-effectiveness of
155 such programs conducted in the preceding year, including any
156 increased cost-effectiveness due to offering programs that save more
157 than one fuel resource.

158 (3) Programs included in the plan may include, but not be limited
159 to: (A) Conservation programs, including programs that benefit low-
160 income persons; (B) research, development and commercialization of
161 products or processes that are more energy-efficient than those
162 generally available; (C) development of markets for such products and
163 processes; (D) support for energy use assessment, engineering studies
164 and services related to new construction or major building
165 renovations; (E) the design, manufacture, commercialization and
166 purchase of energy-efficient appliances and heating devices; (F)
167 program planning and evaluation; (G) joint fuel conservation
168 initiatives and programs targeted at saving more than one fuel
169 resource; and (H) public education regarding conservation. Such
170 support may be by direct funding, manufacturers' rebates, sale price
171 and loan subsidies, leases and promotional and educational activities.
172 The plan shall also provide for expenditures by the Energy
173 Conservation Management Board for the retention of expert
174 consultants and reasonable administrative costs, provided such
175 consultants shall not be employed by, or have any contractual
176 relationship with, a fuel oil company or the program administrator.
177 Such costs shall not exceed five per cent of the total cost of the plan.

178 (e) There is established an account to be known as the "fuel oil
179 conservation account" which shall be a separate, nonlapsing account
180 within the General Fund. Any balance remaining in said account at the
181 end of any fiscal year shall be carried forward in said account for the
182 fiscal year next succeeding. The amount of tax collected annually
183 under section 12-587 of the general statutes, as amended by this act,
184 that is in excess of the amount collected during 2005, but not more than
185 ten million dollars, shall be deposited in said account.

186 (f) (1) There is established a Fuel Oil Conservation Board consisting
187 of five members, including the Commissioner of Revenue of Services
188 and the Attorney General, or their respective designees. The Governor
189 shall appoint one member representing a retail fuel oil dealer, the
190 president pro tempore of the Senate shall appoint one member
191 representing a business organization, and the speaker of the House of
192 Representatives shall appoint one member representing an
193 environmental organization with experience in conservation programs,
194 all of whom shall serve in accordance with section 4-1a of the general
195 statutes.

196 (2) The Fuel Oil Conservation Board shall pay specific amounts
197 from the fuel oil conservation account established pursuant to
198 subsection (e) of this section to the program administrator selected to
199 implement an improved plan under this section, upon authorization of
200 the Energy Conservation Management Board.

201 (3) The Fuel Oil Conservation Board shall establish itself as a tax
202 exempt organization in accordance with the provisions of Section
203 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent
204 corresponding internal revenue code of the United States, as from time
205 to time amended. Not later than July 1, 2007, and biennially thereafter,
206 a third party selected by the Attorney General shall audit the activities
207 of the board. The results of such audit shall be submitted in a report to
208 the joint standing committees of the General Assembly having
209 cognizance of matters relating to energy and the environment.

210 Sec. 3. Subsection (c) of section 16-245m of the 2006 supplement to
211 the general statutes is repealed and the following is substituted in lieu
212 thereof (*Effective July 1, 2006*):

213 (c) The Department of Public Utility Control shall appoint and
214 convene an Energy Conservation Management Board which shall
215 include representatives of: (1) An environmental group knowledgeable
216 in energy conservation program collaboratives; (2) the Office of
217 Consumer Counsel; (3) the Attorney General; (4) the Department of

218 Environmental Protection; (5) the electric distribution companies in
219 whose territories the activities take place for such programs; (6) a state-
220 wide manufacturing association; (7) a chamber of commerce; (8) a
221 state-wide business association; (9) a state-wide retail organization;
222 (10) a representative of a municipal electric energy cooperative created
223 pursuant to chapter 101a; (11) two representatives selected by the gas
224 companies in this state; (12) a retail fuel oil dealers association in the
225 state; and [(12)] (13) residential customers. Such members shall serve
226 for a period of five years and may be reappointed. Representatives of
227 the gas companies shall not vote on matters unrelated to gas
228 conservation. Representatives of the electric distribution companies
229 and the municipal electric energy cooperative shall not vote on matters
230 unrelated to electricity conservation. The representative of the fuel oil
231 dealers association shall not vote on matters unrelated to fuel oil
232 conservation.

233 Sec. 4. Subsection (j) of section 16-19b of the 2006 supplement to the
234 general statutes is repealed and the following is substituted in lieu
235 thereof (*Effective July 1, 2006*):

236 (j) Any purchased gas adjustment clause or energy adjustment
237 clause approved by the department may include a provision designed
238 to allow the electric or gas company to charge or reimburse the
239 customer for any under-recovery or over-recovery of overhead and
240 fixed costs due solely to the deviation of actual retail sales of electricity
241 or gas from projected retail sales of electricity or gas. The department
242 shall include such provision in any energy adjustment clause approved
243 for an electric company if it determines (1) that a significant cause of
244 excess earnings by the electric company is an increase in actual retail
245 sales of electricity over projected retail sales of electricity as
246 determined at the time of the electric company's most recent rate
247 amendment, and (2) that such provision is likely to benefit the
248 customers of the electric company. Not later than January 1, 2008, the
249 department shall include such provision in any purchased gas
250 adjustment clause approved for a gas company on or after the issuance

251 of a final decision in a proceeding on amendments to rate schedules for
252 such company.

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| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>July 1, 2006</i> | 16-32f |
| Sec. 2 | <i>July 1, 2006</i> | New section |
| Sec. 3 | <i>July 1, 2006</i> | 16-245m(c) |
| Sec. 4 | <i>July 1, 2006</i> | 16-19b(j) |

Statement of Legislative Commissioners:

In Subsec. (e) of section 2, duplicative language was deleted for purposes of clarity.

ET *Joint Favorable Subst.*

GAE *Joint Favorable*